

Message Text

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ACTION AID-59

INFO OCT-01 NEA-10 ISO-00 IGA-02 EB-07 AGR-05 OMB-01

TRSE-00 IO-11 L-03 CIAE-00 INR-07 NSAE-00 DHA-02

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R 011140Z MAR 76

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 8802

INFO AMEMBASSY DAMASCUS

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DAMASCUS FOR PITCHER

E.O. 11652: N/A

TAGS: EAID, LE

SUBJECT: PL 480 ASSISTANCE FOR LEBANON

REF: USUN 733

1. A/DCM WARING AND AGRICULTURAL ATTACHE PITCHER ON VISIT FROM DAMASCUS MET WITH GOL MINISTER OF NATIONAL ECONOMY OSSERIAN FEB 26 TO DISCUSS AT OSSERIAN'S REQUEST POSSIBILITY OF LEBANON PURCHASING IMMEDIATELY AGRICULTURAL COMMODITIES UNDER A TITLE I PL 480 AGREEMENT. REFERRING TO EARLIER TITLE I AGREEMENTS, OSSERIAN STATED THAT GOL MUST ASSURE SUPPLIES OF FOODSTUFFS AT FAIR PRICES AND WANTED TO BUY THEREFORE 150,000 TONS OF WHEAT, 7,000 TONS OF RICE, AND 5,000 TONS OF VEGETABLE OIL UNDER A NEW TITLE I AGREEMENT.

2. DEPARTMENT IS AWARE THAT IN THE PAST THE EMBASSY DID NOT SUPPORT A NEW TITLE I AGREEMENT WITH LEBANON, MAINLY BECAUSE OF GOL'S FAVORABLY FINANCIAL SITUATION. OUR VIEWS HAVE CHANGED HOWEVER FOLLOWING THE SERIOUS DAMAGE TO THE LEBANESE ECONOMY (ESTIMATED AS HIGH AS LL 20 BILLION) BECAUSE OF THE CIVIL DISTURBANCES OF THE PAST TWELVE MONTHS
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AND TAKING INTO ACCOUNT THE POTENTIAL SOCIAL UNREST
RESULTING FROM LARGE-SCALE UNEMPLOYMENT AND THE RATHER

APPALING NUMBER RENDERED HOMELESS. AS PREVIOUSLY REPORTED, MEASURES ARE BEING UNDERTAKEN BOTH LOCALLY AND ON THE INTERNATIONAL LEVEL TO ASSIST IN RESTORING THE LEBANESE ECONOMY, AND WE BELIEVE THAT MUCH MORE WILL HAVE TO BE DONE IF THE COUNTRY IS TO BE RESTORED TO MORE OR LESS PRE-COMBAT CONDITIONS.

3. IN CONSIDERING PROBLEMS IN CONNECTION WITH THE RECONSTRUCTION OF THE LEBANESE ECONOMY, THERE ARE OF COURSE THE SHORT-TERM AND LONG-TERM REQUIREMENTS, THE FORMER BEING RELATIVELY MORE MODEST THAN THE LATTER. WHILE WE CAN, OR AT LEAST SHOULD, EXPECT THAT THE SUBSTANTIAL FUNDS REQUIRED FOR HOUSING AND INDUSTRIAL DEVELOPMENT WILL COME IN THE FORM OF LAW INTEREST, LONG-TERM CREDITS FROM THE WEALTHY ARAB COUNTRIES, AS WELL AS TO SOME DEGREE FROM LEBANESE FINANCIAL RESERVES, THE SMALLER, SHORT-TERM IMMEDIATE REQUIREMENTS WILL PROBABLY HAVE TO BE PROVIDED FROM SUPPLEMENTARY SOURCES AND WITH MORE CONSIDERATION BEING GIVEN TO OTHER THAN THE ECONOMIC ASPECTS OF THE SITUATION. IT IS WITHIN THIS CONTEXT THAT WE WOULD ENVISAGE PL 480 ASSISTANCE. THUS, FROM A POLITICAL POINT OF VIEW, THE STABILITY OF THE GOVERNMENT WOULD BE MUCH BETTER ASSURED IF IT HAD UNDER ITS CONTROL SUBSTANTIAL STOCKS OF BASIC FOOD ITEMS THAT IT COULD DISTRIBUTE AT LOW PRICES IN A SITUATION WHERE THE NUMBER OF HOMELESS AND THE NUMBER OF UNEMPLOYED, AS NOTED ABOVE, HAS GROWN TO DISTURBING PROPORTIONS. PUT BLUNTLY, IN ADDITION TO THE HUMANITARIAN ASPECTS, THERE IS A QUESTION OF POLITICAL SELF INTEREST, FOR THE MAINTENANCE OF A FRIENDLY WESTERN-ORIENTED COUNTRY, ADVOCATING AN OPEN, LIBERAL ECONOMY IS IN FACT, IT WOULD SEEM, IN OUR POLITICAL INTERESTS.

4. OUR RECOMMENDATIONS DO NOT IGNORE RECENT UN ACTION WITH RESPECT TO LEBANON. IN ADDITION TO THE INDIVIDUAL MEASURES TAKEN IN THE COUNTRY ON BEHALF OF THE VARIOUS SPECIALIZED AGENCIES, THE UN SECRETARY GENERAL, AS IS KNOWN, HAS JUST LAUNCHED A DIRECT DOLS 50 MILLION APPEAL FOR ASSISTANCE TO LEBANON, WITH MR. WILLIAM BUFFUM, FORMER U.S. AMBASSADOR TO LEBANON, AS OVERALL
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COORDINATOR. WE ASSUME THAT WE SHALL NOT REMAIN UNRESPONSIVE TO THIS APPEAL AND SUGGEST THAT MOVES IN THE PL 480 FIELD MIGHT CONSTITUTE AN APPROPRIATE RESPONSE.

5. WHILE WE WOULD RECOMMEND FAVORABLE CONSIDERATION OF A TITLE I PL 480 AGREEMENT UNDER THE PRESENT CIRCUMSTANCES, THIS NOT TO IMPLY THAT WE CONCUR WITH THE AMOUNTS ENVISAGED BY THE MINISTER OF NATIONAL ECONOMY. HOWEVER, WE WOULD WANT TO SUPPORT A MORE MODEST PROGRAM AND, UPON REFLECTION, WOULD ADVOCATE ONE THAT WOULD

COVER LOANS ENABLING PURCHASE FROM U.S. SOURCES IN THE
NEIGHBORHOOD OF 60,000 TONS OF WHEAT, 5,000 TONS OF RICE,
AND 2,000 TONS OF VEGETABLE OIL.

6. WE SHOULD BE GRATEFUL FOR AN EARLY REPLY TO THE GOL
REQUEST. THE SITUATION IS SUCH THAT IT CAN BE TRULY SAID
THAT ANY ASSISTANCE GRANTED NOW WOULD BE WELL WORTH
DOUBLE THE ASSISTANCE THAT MIGHT BE AVAILABLE A YEAR OR
SO HENCE.
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